



LAC-IEE-04-70

ENVIRONMENTAL THRESHOLD DECISION

Project Location:	Mexico
Project Title:	Clean Production and Renewable Energy Component of the Environment Program
Project Number:	523-022.04
LOP Funding:	\$6,500,000
Life of Project:	October 1, 2004 to September 30, 2009
IEE Prepared by:	Jorge Landa, Energy and Clean Production, USAID/Mexico and Heather Huppe, MEO/Mexico
Threshold Recommendations:	Categorical Exclusion, Negative and Conditional Negative.
Bureau Threshold Decision:	Categorical Exclusion, Negative Determination and Negative Determination with Conditions

Comments:

A **Categorical Exclusion** is issued to all those activities described in the attached IEE, involving education, technical assistance, training, studies, information transfers, and similar activities that do “not have an effect on the natural or physical environment,” pursuant to 22 CFR 216.2 (c)(2)(i), (iii), (v), and (xiv).

A **Negative Determination** is issued for on-the-ground activities involving improved environmentally sound management which are described in the attached IEE and will have only positive impact.

A **Negative Determination, with conditions** is issued for activities involving physical infrastructure as described in the attached IEE e.g. water systems, irrigation, etc. that could possibly have negative impact even though the purpose of the program is to promote improved

environment. The conditions as defined in the IEE involve the development of a screening process which will be approved by the BEO before funding any of these activities.

At the end of each fiscal year, the implementing agent as part of its regular reporting requirement will include a section of its annual report which will provide the results of the use of the environmental screening process. The Mission Environmental Officer and Regional Environmental Advisor will conduct spot checks to verify that screening is undertaken to ensure that all activities are implemented in an environmentally sound and sustainable manner in full accordance with all salient Agency and USG policies and regulations.

CTOs are responsible for making sure environmental requirements are met. It is the responsibility of the SO Team to ensure that the SOAG and MAARDs for contracts and grants contain specific instructions to this effect.

_____ Date _____
George R. Thompson, P.E.
Bureau Environmental Officer
Bureau for Latin America and the Caribbean

- Copy to : Edward Kadunc, Director, USAID/Mexico
- Copy to : Heather Huppe, MEO, USAID/Mexico
- Copy to : Jorge Landa, USAID/Mexico
- Copy to : Dan Evans, USAID/Mexico
- Copy to : Sara Walter, USAID/Mexico
- Copy to : Mike Donald, REA
- Copy to : Elizabeth Ramirez, LAC/CAM
- Copy to : IEE File

Attachment: IEE

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Initial Environmental Evaluation

Project Location: Mexico

Project Title: Clean Production and Renewable Energy Component of the Environment Program

Project Number: 523-022.04

LOP Funding: \$6,500,000

Life of Project: October 1, 2004 to September 30, 2009

IEE Prepared by: Jorge Landa, Energy and Clean Production, USAID/Mexico and Heather Huppe, MEO/Mexico

Threshold Recommendations: Categorical Exclusion, Negative and Conditional Negative.

Approved: _____
Edward Kadunc, USAID/Mexico Mission Director

Date: _____

Summary Activity Description

USAID/Mexico's new Clean Production and Renewable Energy (CP/RE) project provides the vehicle to support the Mission's new Environment objective: ***Improved management and conservation of natural resources in targeted watersheds.*** Clean Production and Renewable Energy (CP/RE) aims to further integrate cleaner production (energy efficiency, pollution prevention and environmental management systems) and renewable energy (small scale solar, wind, micro-hydro and micro-biomass systems) efforts by building upon previous USAID/Mexico work with local partners in Mexico through mechanisms such as the Resource Management Systems Initiative (RMSI) and the Mexico Renewable Energy Program (MREP). The program will work with local counterparts (SENER, SEMARNAT, PEMEX, CNA, FIRCO, CMP+L¹ and Environment Program partners including The World Wildlife Fund, The Nature Conservancy, Conservation International and Fondo Mexicano para la Conservación de la Naturaleza) to integrate the efforts of the environment program in support of improved management in targeted watersheds.

The CP/RE activities will serve to focus a variety of ongoing USAID efforts, and new initiatives, into a coherent portfolio of projects directed at the overall objectives of the Environment Program. The Clean Production and Renewable Energy interventions will be tools in support of these environmental objectives. Consequently, in order to accomplish these objectives, the Clean Production and Renewable

¹ Secretariat of Energy (SENER), Secretariat of Environment and Natural Resources (SEMARNAT), Petróleos Mexicanos (PEMEX), National Water Commission (CNA), Mexican Center for Cleaner Production (CMP+L), and Shared –Risk Trust Fund (FIRCO).

Energy component of the FY2003 – 2009 Environment strategy will be charged with carrying out two major activities: Clean Production Initiative and Poverty Reduction with Watershed Protection.

Activity 1: *Clean Production Initiatives in Targeted Watersheds (CPI/TW)*

The clean production initiative will promote a series of activities that are based on the principle of assisting targeted industries, municipalities and rural producers to continue and to grow production while reducing their waste and inefficiencies through planning and improved monitoring. The expected result of such interventions is reduced costs and less waste and pollution. This initiative will work in targeted watersheds to consolidate and help replicate previous activities as appropriate under the new strategy; identify those existing activities that can be expanded to meet the goals of the new SO and IRs; and develop new interventions that address clean production activities in the context of the new Environment SO. The CPI/TW interventions will be directed to four priority goals: I. Large scale replication, II. institutional capacity building, III. promoting policy dialogue and IV. synergies with other projects.

I. Large Scale Replication Activities:

The Clean Production Initiative will build on the energy program's previous strategy, which helped build the capabilities of local counterpart institutions, through supporting these institutions to broaden the scale of the positive impacts of their application of clean production principles to a national level. The five principle targets for this support include Petróleos Mexicanos (PEMEX—Mexico's national oil company), rural communities that are part of the national effort in micro-watershed planning, the Environment Ministry for the Federal District of Mexico; tourism operators and municipalities on the coast of Quintana Roo and two regional level Clean Production Centers. Activities with each of these targets are described below.

- 1) **Technical Assistance to the PEMEX Sustainable Development Program** plans to:
 - a) **Provide advisory support to high-level strategic planners.** This work will be carried out to ensure that cleaner production projects, data, and project evaluation procedures, such as planning for mitigation of environmental impacts, are incorporated in the preparation of budget requests for clean production projects. USAID may support the preparation of one or more manuals to support PEMEX in formalizing these procedures across the company.
 - b) **Training programs with PEMEX addressing topics on clean production** that will focus on providing Pollution Prevention recommendations. (e.g courses within refineries and natural gas and petrochemical centers on improved processes and controls, new and more efficient technologies, how to perform environmental audits that will help identify how to avoid waste before it is generated).

At this time, USAID is not expecting to fund implementation of these actions with PEMEX.

- 2) **Technical assistance to water end-users rural organizations (COTAS) to increase community participation in the FIRCO National Micro-Watershed Protection Plan (NM-WPP) through cleaner production programs adapted to rural conditions.** CP programs may include:
 - a) **Development of site-base pilot activities in improved management of local water activities** such as water distribution efficiency measures, census of pumps and pumping efficiency (e.g. by reducing the flow of water pumped using high efficiency motors/pumps)

- b) **Training and workshops aimed at improving local capabilities** on water flow measurements, irrigation technology improvements, recommendations to use energy efficiency or renewable energy technologies for small-scale irrigation practices

The overall aim of these demonstration activities is to improve environmental conditions and the direct impact of implementing the practices being promoted is intended to increase end-users capacity to restore and increase aquifer balance. Unanticipated adverse environmental impacts can occur as part of water distribution, changed pumping technology and small irrigation practices, therefore to mitigate such impacts, discussion of how to identify unexpected impacts and design and monitor mitigation of those impacts will be included in the planning and training provided.

- 3) **Technical support to the Secretariat of Environment of Mexico City Government (GDF) on development of Environmental Management Systems (EMS) and Clean Production Activities throughout their facilities and operations.** A group of GDF Secretariats and Delegaciones (Mexico City districts) will develop:

- a) **Basic administrative water, energy and materials audits** will help guide implementation of identified best practices in the second phase (e.g. substitution of incandescent lamps for compact fluorescent lamps, installation of water efficiency devices at GDF buildings, procurement of “green” products; raw material substitution to less polluting materials; and waste reduction). The third phase will focus on tracking the results of the completed implementation of the recommendations and expanding these clean production actions into operational aspects under their jurisdiction (vehicle fleets, nurseries, industries under the district’s control and rural sectors that may fall within the boundaries of the delegation).

As in previous activities, USAID contractor will ensure to provide guidance on the evolution and implementation of the EMS program, as well as specific technical assistance in the audits themselves. Part of those audits will involve an identification of environmental impact from these activities and recommendations to mitigate waste and inefficiencies.

- 4) **Support to the municipal and tourism sectors in the state of Quintana Roo to develop sustainable practices and methodologies using EMS-based approaches.** The work will be focused on identifying effective interventions that link water quality, sewage treatment issues and EMS to conservation and sustainable use of natural resources. Activities to be considered as possible interventions include:

- a) **Organization of stakeholders and coordination between municipal, tourist, and conservation sectors in order to design a common agenda.** Stakeholders shall formulate a Master Plan in order to identify needs on CP, Water Management Efficiency and EMS-type of projects. The master plan will clarify respective responsibilities of the public sector, the private sector, the residents and the tourists.
- b) **Technical assistance to local stakeholders on the design of implementation plans.** These implementation plans will be part of the Master plan and will be focused to preserve the groundwater and the coastal aquatic environment in the State of Quintana Roo through the adequate management of wastewater and solid waste. No construction of facilities will be funded as part of this implementation plan
- c) **Design of water management systems in relation to conservation of natural resources with attention to mitigating environmental impacts.** No large perforation equipment with potential environmental impact will be used during these activities. Measurement equipment might be utilized to obtain water samples

- d) **Identification and/or design of financing schemes to support the implementation plans.** These financial schemes will create the opportunity for the development and implementation of projects related to water quality, water treatment and environmental management systems such as energy efficiency, water use efficiency, pollution prevention, “green” procurement (environmentally friendly procurement of materials), recycling, and waste minimization. Analysis of environmental impacts will be included as part of the design of these financing schemes.
- 5) **Technical support and capacity building to the Mexican Center for Cleaner Production (CMP+L) for strengthening of the two regional Clean Production Centers.** These two regional centers will be located in the states of Tabasco and Chihuahua and will provide local services and training on conducting cleaner production audits and will introduce the concepts of EMS to private and public clients. As part of this replication project, USAID will:
- a) **Provide targeted technical assistance in the development and early operation of these two regional centers.** The support will be focused on building capacity during this first year of operation to assure long-term economic and technical sustainability for these regional centers. Capacity building will include activities such as training courses, train-the-trainers programs, audit support and review, and support in the development of new proposals to sell services to the industries in these regions. As part of this technical assistance the contractor will specifically support capacity building in identification of potential environmental impacts that might arise from the activities and approaches being promoted.
- b) **Support for the design of proposals in order to get additional financial resources.** The assistance will be focused on the identification of external financial sources such as Multi-lateral Development Banks (e.g. IADB, World Bank, etc.), to expand CMP+L’s services to other municipalities as part of GOM new initiative to enhance support to this sector

Threshold Recommendation for the large scale replication component: Large-scale CP/RE projects to conduct capacity training in PEMEX facilities and to assist in the strengthening of two regional Clean Production Centers warrant a **Categorical Exclusion** under 22 CFR 216.2(c) 2, i) Education, technical assistance, or training programs except to the extent such programs include activities direction affection the environment and xiv) studies, projects or programs intended to develop the capacity of recipient countries to engage in development planning except to the extent designed to result in activities directly affecting the environment.

Projects to expand work in the districts of Mexico City to introduce more efficient energy use options, reduce waste and identify ways to save water will be supported by planning that is intended to identify best options. This activity warrants a **Negative Determination**. The activities as currently planned involve working with city government facilities and offices to improve lighting efficiency, repair water leaks, etc. and the fundamental design of the approach to be used is to mitigate identified wasteful processes through consideration of best options for mitigating those impacts. If this program expands into working with industrial facilities the MEO should be consulted on the need to amend the IEE before activities can proceed.

As with all USAID interventions, activities working on waste and water along the Quintana Roo Coast and in micro-watersheds are aimed at improving current environmental conditions, however unanticipated impacts can result, particularly from work on water distribution, irrigation improvements and wastewater depending on the type and scale of the intervention. In addition, the areas targeted have very high biodiversity value. The exact activities that will be promoted and/or implemented are not entirely determined and so their potential impacts are not clear. These two aspects of the program warrant a **Conditional Negative Determination** with the following conditions:

1. The implementer develop a screening process that will be followed to identify potential impacts of activities as they are being identified. This screening process will be reviewed and accepted by the BEO and should be filed by the end of the 2nd quarter of the first year of implementation.
2. Any activity screened that has impacts above a categorical exclusion will include as part of the planning the mitigation and monitoring processes that will help avoid the impacts identified. The process for including impact mitigation and monitoring will be reviewed by the MEO and the REA before implementation can begin. The MEO can ask for further review by the BEO if he/she feels that is warranted.
3. The results of this mitigation and monitoring process will be reported annually and reviewed by the MEO and REA. Given that the intent of this work is to include mitigation and monitoring in the processes in a more integrated fashion as part of development projects, ensuring that we capture that process will not only ensure environmental compliance, but will also add to the development of guidelines to be shared.
4. Any activity that rising about a negative determination, eg, construction, will require an amended IEE be prepared and approved by the BEO before the activity can be implemented.

Special attention during implementation of CP/RE program components will be dedicated to analyze and comply with the Mexican environmental regulations. The federal authority (SEMARNAT) requires it in order to assess, evaluate and follow-up any potential environmental impact. There are three specific regulations that should be presented in order to comply with the Mexican federal environmental laws: 1) the Environmental Impact Assessments – EIA- (Manifestaciones de Impacto Ambiental); 2) the Risk Analysis –RA- (Estudios de Riesgos), and 3) the Technical Justification Analysis – TJA-(Estudios Técnicos Justificativos). These regulations are focused on the detailed environmental impact assessment, identifying all the potential environmental implications when a small or large infrastructure project is planned. All the measures to prevent, control, mitigate and compensate these projects are defined within these two studies. The three regulations are often carried out by public academic or research institutions without having any conflict of interest in the projects. These regulations are comprehensive studies including water, soil, air, biodiversity and the different interactions over them because of project development.

II. Institutional Capacity Building Activities:

Under the second goal of the CPI/TW activity, USAID will provide support to the partners described in section I on the following capacity building activities:

- 1) **Training Activities** related to the CPI/TW program and aimed at raising conscientiousness and providing approaches to strategic thinking
- 2) **Study Tours** the US on topics of interest to counterpart institutions and consistent with CPI/TW and partner goals.
- 3) **Strategic Planning Sessions** with selected counterparts that will provide an opportunity to cover issues of institutional sustainability, institutional strength, business planning, future strategic needs, and other issues that relate to current USAID/Mexico collaboration

Threshold Recommendation for institutional capacity building component: Activities involving training, study tours and strategic planning to raise awareness warrant a threshold **Categorical Exclusion** under 22 CFR 216.2 (c) (2) (i) Education, technical assistance, or training programs except to the extent such programs include activities directly affecting the environment (such as construction of facilities, etc.), (iii) Analyses, studies, academic or research workshops and meetings, and (xiv) studies, projects or programs intended to develop the capability of recipient countries to engage in developing planning,

except to the extent designed to result in activities directly affecting the environment (such as constructing facilities, etc.).

III. Promotion of Policy Dialogue:

The CPI/TW component will undertake promotion of policy dialogue in support of the environment program's intermediate result supporting an enhanced national enabling environment for natural resource management. Specific policies to be considered include Pollution Prevention and Cleaner Production Policy and Renewable Energy Policy.

Threshold Recommendation for the policy dialog component: The activities under the policy dialog component of the program warrant a **Categorical Exclusion** under 22 CFR Section 216.2(c) (2) (iii) Analyses, studies, academic or research workshops and meetings and (v) Document and information exchange. However, the implementer should be urged to consider the potential ancillary impacts that might occur as a result of policies being discussed as part of their assistance.

IV. Synergies with Other Projects:

- 1) **Synergies among Mexican and US Partners.** This work will be carried out to continuing to build and improve relationships among Mexican and US partner institutions. This will include efforts to help existing conservation-based projects under the environment program identify potential links with PEMEX's conservation program support, linking the Clean Production Centers to projects in targeted watersheds and municipalities under the environment program portfolio, etc.
- 2) **Synergies with Other USAID and Other Donor Projects.** The CPI/TW program will continue to focus on building synergies with other USAID/Mexico, USAID/Washington and other donor projects, looking for links and follow-on collaboration.

As stated in the previous sections, the promotion of synergies among participating Mexican and US institutions is targeted at increasing skills, gain experience and better understand of CP/RE technology benefits of those organizations involved to identify sustainable alternatives and solutions to mitigate environmental impacts of their productive actions. In the event that, as a result of this joint collaboration, a potential negative impact may arise, then proper actions should be undertaken in order to assess, recommend and implement adequate mitigation and monitoring activities.

Threshold recommended for activities under the synergy component: The activities contemplated under the synergy component are primarily designed to assist in information exchange and therefore warrant a **Categorical Exclusion** under 22CFR 216.2 (c) (2) (iii) Analyses, studies, academic or research workshops and meetings and (v) Document and information exchange.

Activity 2: Linking Poverty Reduction with Watershed Protection through Targeted Energy Based Interventions (PR-WP)

USAID/Mexico's 2005-2009 Environment and Clean Production and Renewable Energy strategy considers development/poverty reduction in southern Mexico a priority. USAID will increase the projects, experience, and information that is available about the following themes:

- I. Development and implementation of renewable energy programs in targeted micro-watersheds, including promotion of approaches of good governance at community level a tool for rural development. This task will provide support to FIRCO's micro-watershed program and will help***

link FIRCO's activities to other USAID activities in targeted watersheds. Specific activities under this task include:

- 1) *Promote implementation of sustainable CP, water management, and renewable energy systems to be used as tangible tools to improve water and energy services at urban and rural communities. This work is intended to strengthen decision-making tools for municipalities to analyzed resource management options and include planning of environment consequences of their actions. Examples of these interventions are:*
 - a) *Establishment of census of wells with and without official permits*
 - b) *Assessment of renewable energy resources,*
 - c) *Efficient water distribution methods such as re-design of improper system layout,*
 - d) *Identification of leaks and malfunctioning equipment, degraded pipes and amount of illegal loads*
 - e) *Establishment of a more realistic tariff methodology for water and energy services,*
 - f) *Education and consumer awareness programs by empowering industrial, commercial, and residential customers to use water and energy more wisely.*
- 2) **Technical assistance and training to FIRCO regional coordinators to increase their ability to manage water and CP/RE services at community level.** Specific activities to accomplish these goals are described below:
 - a) Establish a good governance process by helping communities understand the importance of a local administrative and management structure for installed energy systems.
 - b) Working in partnership with several federal agencies, introduce CP/RE technologies in agriculture, education, health, and conservation at community level development in order to reduce poverty levels. Main technologies proposed are also the micro/small scale photovoltaic, wind, hybrids (solar-wind), micro-biomass, etc.

Threshold recommendation for the renewable energy and good governance component: The activities under this component that involved with assessments, education and establish administrative processes warrant a **Conditional Negative** under 22 CFR 216.2 (c) (i) Education, technical assistance, or training programs except to the extent such programs include activities direction affection the environment, (iii) Analyses, studies, academic or research workshops and meetings, and (xiv) studies, projects or programs intended to develop the capacity of recipient countries to engage in development planning except to the extent designed to result in activities directly affecting the environment.

The application of water distribution systems and introduction of CP/RE technologies warrant a **Condition Negative Determination**. These applications are focused on pollution prevention and cleaner production small systems, providing direct economic and a more environmentally sustainable value to the community users and will be installed as part of the ongoing GOM-funded activities. However the installation of such facilities will involve impacts on the environment even if AID is not directly involved in the construction. The implementers of these activities should:

- Ensure that projects comply with relevant Mexican environmental regulations and processes in their design phase.
- Develop a set of guidelines to help screen for potential impacts for the water and CP/RE technologies that should be used at the beginning of the design of such projects to aid in identifying mitigation and monitoring aspects needed in that design. These screening guidelines should be reviewed by the BEO by the end of the 2nd quarter of program implementation.

- The guidelines should be applied whenever a new activities is begun, the targets for mitigation should be identified and the recorded. The results of this mitigation and monitoring process will be reported annually and reviewed by the MEO and REA. The success of these mitigation efforts will be reported in the annual report of the project.
- If USAID's partners are involved in the actual construction of these facilities, an amended IEE will be prepared before activities begin.

II. Resource assessment, data analysis and dissemination of renewable energy and clean production data. The purpose of this task is to improve the availability of data on renewable energy resources and clean production, and water resources to identify project development opportunities throughout the states targeted in the USAID/Mexico 2004 to 2009 Environment Program. The project will:

- 1) **Make this information available to interested stakeholders**, including federal, state and local governments, the public, conservation NGOs, community groups, and the private sector.
- 2) **Assess the data acquired through recent USAID supported projects** (e.g. clean production and environment management systems in municipalities, wind mapping in Oaxaca, Mini-hydro mapping in Veracruz, water efficiency and quality analysis in the City of Oaxaca and municipalities in Valles Centrales, etc.), as well as other pertinent data obtained from Mexican water and energy agencies and NGO's.
- 3) **To provide GOM agencies, particularly SENER and SEMARNAT, with the basis of a comprehensive Geographic Information System (GIS)** of water, renewable energy resources and clean production opportunities in Southern Mexico and in the Mexican northern border states.

Threshold Recommendation for the resource assessment component: The activities to develop and distribute information on renewable energy and clean production under this component warrant a **Categorical Exclusion** under 22 CFR 216.2 (c) iii) Analysis, studies, academic or research workshops and meetings and xiv) Studies, projects and programs intended to develop the capacity of recipient countries to engage in development planning except to the extent designed to result in activities directly affecting the environment.

III. Support decentralization of clean production, renewable energy and water programs. USAID intends to support the decentralization process in Mexico by building capacity in targeted state and local governments to provide/generate clean production and renewable energy and water services and manage environmental protection programs. Under this activity:

- 1) **Support Secretariat of Energy (SENER) and state and local governments in southern Mexico in activities related to Global Village Energy Partnership (GVEP)**² USAID intends to work with SENER and state and local governments to utilize the GVEP framework to increase access to energy and alleviate poverty in southern Mexico. The selected contractor will be

² At the World Summit on Sustainable Development held in South Africa in September 2002, the USG announced the Presidential Clean Energy Initiative. One of the three components of this initiative is the Global Village Energy (GVEP). involved in a variety of interventions to support GVEP, which could include, but are not limited to:

- a) **Supporting conferences and workshops to promote specific CP/RE state programs.** This component will provide support to SENER for the organization of up to three workshops per year or seminars related to the GVEP program, aiming at raising conscientiousness and providing approaches to strategic thinking
- b) **Contributing to state and local action plans for rural energy.** This activity will enable access to sustainable energy services from renewable resources for isolated rural communities that are disperse, poor, and lacking adequate services; these are to be located in the states of

- Michoacán, Quintana Roo and Yucatán, and will take advantage of previous experiences in Chihuahua and Guanajuato.
- c) **Providing training and capacity building to entities undertaking responsibilities related to GVEP implementation**, including participation of from state and municipal governments, NGOs, the private sector, communities, and others, based on models already tested in other states, adapted to local conditions
- 2) **A monitoring plan will be designed in order to track very closely current CP/RE and water training programs as those illustrative activities described in section 1.** USAID/Mexico intends to work closely with state and municipal governments in the targeted watersheds in the USAID/Mexico Environment new strategy – to institutionalize CP/RE and water conservation topics as part of their integrated resources management program (particularly water and energy)
 - 3) **A strengthening plan focusing on the state and municipality’s ability to decrease demand, and increase the supply** of water, electricity and CP programs including EMS models at municipal level. In addition to the institutionalization of CP/RE and water conservation programs, the work on both demand and supply–side management will be critical in order to make these programs more sustainable
 - 4) **Improve efficiency in the local water distribution system, and identify clear and practical uses of available renewable resources** to generate power at small scale, and work with municipalities in the implementation of energy efficiency, recycling materials, reduce waste disposal and pollution prevention programs.

Threshold recommended for activities under the decentralization component: Technical assistance to increase local partners’ ability to manage water and CP/RE services through the development of resource assessment, promotion of micro/small-scale energy generation, distribution systems and specific small-scale water management services for poverty reduction at state, municipal and community level will warrant a **Categorical Exclusion** under 22CFR 216.2 (c) (2) (i) Education, technical assistance, or training programs except to the extent such programs include activities direction affection the environment and (iii) Analyses, studies, academic or research workshops and meetings.

When training and planning activities include a hands-on technical practices in the field through installing some of these systems, then a **Conditional Negative Determination** is recommended. As with all

² GVEP is a “partnership of partnerships” made up of bi-laterals and multi-lateral organizations like USAID and the World Bank, as well as NGO’s, private companies and national governments. Upon joining GVEP, a national government and/or state or local government has access to the technical, financial and administrative resources found in the other members of the partnership. GVEP involvement will aim to reduce poverty and enhance economic and social development in poor communities in Mexico. These programs will try to catalyze GOM’s commitments to energy-poverty reduction; bridge the gap between investors, suppliers and users; facilitate policy and regulatory frameworks for scale-up; serve as a marketplace for lessons learned and best practices; and create and maintain effective coordination mechanisms among involved institutions.

USAID projects, the net environmental effect of these field projects is intended to be positive as a result of avoiding the use of fossil fuels and associated potential air, water and soil contamination; and by minimizing human and animal contact at the water source that could lead to contamination. The recommended conditions are:

- Relevant Mexican regulations and processes are followed
- For projects involving only design and planning assistance, a set of guidelines to help screen for potential impacts should be used at the beginning of the design of such projects to aid in identifying mitigation and monitoring aspects needed in that design. These screening guidelines should be reviewed by the BEO by the end of the 2nd quarter of program implementation. The success in including these aspects will be reported in the annual report of the project

- For projects intended to be implemented, the implementer will develop a screening process that will be followed to identify potential impacts once activities are better identified. This screening process will be reviewed and accepted by the BEO.
- For any activity identified by this screening process for implementation to involve impacts above a categorical exclusion, the mitigation process and monitoring planned to avoid such impacts should be reviewed by the MEO and the REA before implementation can begin. The MEO can request a further review by the BEO if he/she feels that is warranted.
- Based on the screening and in consultation with the MEO, mitigation conditions will be recommended and included in the work plans. Verification of effectiveness of the recommended mitigations will be reported in the annual report and reviewed by the MEO and REA. Given that the intent of this work is to include mitigation and monitoring in the processes in a more integrated fashion as part of development projects, ensuring that we capture that process will not only ensure environmental compliance, but will also add to the development of guidelines to be shared.
- Any activity that rising about a negative determination, eg, construction, will require an amended IEE be prepared and approved by the BEO before the activity can be implemented.

Clearance:

Dan Evans, Env Team Leader, USAID/Mexico	_____	Date _____
Heather Huppe, MEO, USAID/Mexico	_____	Date _____
Sara Walter, Program Officer, USAID/Mexico	_____	Date _____
Michael Donald, REA, USAID/G-CAP	_____	Date _____